



Finance, Revenue, and Bonding Committee Public Hearing
Wednesday, February 22, 2023

Testimony of AARP Connecticut in **SUPPORT** of:

SB 55, An Act Establishing a Personal Income Tax Deduction for the Costs of Home Health Care and **HB 5292**, An Act Establishing a Personal Income Tax Deduction for Long-Term Care Insurance Premium Payments

Good morning, Senator Fonfara, Representative Horn, Ranking Members, and Members of the Finance, Revenue, and Bonding Committee:

AARP is a nonpartisan, nonprofit organization with nearly 38 million members nationwide and nearly 600,000 here in Connecticut. We advocate on behalf of Connecticut residents aged 50 and older, and our mission is to empower people to choose how they live as they age. We appreciate the opportunity to share our support for two of the items on your agenda today.

SB 55, An Act Establishing a Personal Income Tax Deduction for the Costs of Home Health Care

An important part of choosing how you live as you age is choosing *where* you live as you age, and an overwhelming majority of Connecticut residents say that if they ever require long-term care, they would like to receive that care in their own home.¹ SB 55 would help people receive care in their homes by providing a tax deduction of up to \$60,000 for the costs of full-time home health care, including medical supplies and in-home services provided by homemaker-home health aides and other home health care providers.

SB 55 is necessary because original Medicare only covers part-time or intermittent home health services, which is defined as fewer than eight hours each day or 28 hours or fewer each week, except in some very limited situations.² It will not pay for full-time home care.³

Most people want to receive care in their own home as they age, and any amount of relief is helpful as they try to pay for the care necessary to stay there. Helping people stay in their homes is ultimately a benefit to Connecticut taxpayers because it avoids the need for more expensive institutional care, the majority of which is covered by taxpayers through Medicaid.

HB 5292, An Act Establishing a Personal Income Tax Deduction for Long-Term Care Insurance Premium Payments

We appreciate the committee's interest in addressing the complicated and increasingly important issue of long-term care insurance. At a median cost of nearly \$165,168 per year for a semi-private room,⁴ Connecticut has the second most expensive nursing home care in the

¹ <https://doi.org/10.26419/res.00351.102>

² <https://www.medicare.gov/Pubs/pdf/10969-medicare-and-home-health-care.pdf>

³ <https://www.aarp.org/caregiving/financial-legal/info-2017/afford-a-homecare-worker.html>

⁴ <https://portal.ct.gov/-/media/OPM/HHS/LTC/Cost-of-LTC-in-CT---2021.pdf>

nation.⁵ Out-of-pocket hourly rates for non-medical homecare are approximately \$25 per hour.⁶ A person turning 65 today has an almost 70% chance of needing some form of long-term care during their remaining years, and while much of this care comes in the form of informal, unpaid care from friends and relatives, many people require a more intensive level of care provided by paid caregivers.⁷ As long as the underlying cost of this care remains high, consumers will face difficult decisions regarding how to pay for it.

Long-term care insurance is a possible option for covering the cost of long-term care, and many policies cover a range of services in several settings, including homes, adult day centers, assisted living, and nursing homes. Unfortunately, the business model for long-term care insurance has become increasingly problematic over the years. As a result, many insurance carriers have stopped selling long-term care insurance, and others have implemented huge hikes in their premiums from year to year.

AARP regularly hears from policyholders who have maintained long-term care insurance for years, but because of the unsustainable rate increases every year, they are thinking about dropping their policy just as it becomes most likely that they will need to use it. While we support the tax deduction for long-term care insurance premiums proposed in HB 5292, we believe these deductions should only be offered for comprehensive policies that have strong consumer protections and cover care in a variety of settings, including home care, adult day services, assisted living, and nursing homes. While a tax deduction would be beneficial to consumers who have existing policies and are struggling with premium increases, it would be harmful if it incentivized the purchase of policies that limit benefits to only one type of long-term care setting.

Thank you for the opportunity to comment in support of SB 55 and HB 5292.

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⁵ <https://www.seniorliving.org/nursing-homes/costs/>

⁶ <https://portal.ct.gov/OPM/PDPD-HHS-Long-Term-Care/Consumer/Partnership-Consumer-Private-Pay-Rates>

⁷ <https://acl.gov/ltc/basic-needs/how-much-care-will-you-need>